



## HOUSE OF REPRESENTATIVES

### Testimony in Support of HB 3556

House Committee on Revenue  
Representative Cyrus Javadi

Chair and Members of the Committee,

Thanks for the opportunity to speak today in support of **HB 3556**. This bill is about making sure the **Transient Lodging Tax (TLT)** works for both the businesses that rely on tourism and the communities that host millions of visitors each year.

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### The TLT Has Been a Huge Success—But It’s Time for an Update

When the TLT was created back in **2003**, the goal was simple: use visitor dollars to **promote tourism, attract more travelers, and boost local economies**. And it worked. Oregon’s coastal communities—and the small businesses that depend on visitors—have benefited from a steady stream of people coming to enjoy our beaches, hiking trails, seafood, and downtowns.

But here’s the issue: **The TLT has been too successful**. We’ve done such a great job bringing people to these destinations that local governments are now struggling to keep up with the impacts.

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### Tourism is a Lifeline, But It Also Wears Communities Down

Tourism is a massive part of the coastal economy. **In some counties, nearly one in five dollars earned comes from visitor spending**. That’s restaurants, hotels, local shops, and tour businesses thriving because of the people we’ve attracted to our state.

But here’s what’s not working: tourists **don’t just bring dollars—they bring strain**.



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- **Roads deteriorate faster** with the increased traffic, especially from out-of-state visitors who don't know the roads.
- **Sewer and water systems are overloaded**, sometimes operating well past their original design capacity.
- **Garbage collection and waste management are overwhelmed**, especially during peak seasons.
- **Law enforcement and emergency services are stretched thin**, handling a higher volume of incidents—search and rescue, traffic accidents, public safety calls.

And the frustrating part? **Local governments have millions of dollars in TLT funds they aren't even allowed to spend to fix these problems.**

- **Seaside has over \$9 million in unspent TLT revenue**—funds that could go toward infrastructure that directly supports both visitors and locals.
- **Lincoln City has nearly \$6 million sitting unused.**
- **Other coastal towns have millions accumulating, unable to be spent on the very things that tourism impacts most.**

This isn't a funding shortage—it's a **funding flexibility problem.**

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### Why Local Governments Have No Other Options

Here's the other part of the story: **many coastal communities don't have any other way to raise revenue for these critical services.**

- **Legacy property tax laws** keep rates artificially low, meaning cities and counties can't just raise property taxes to meet rising costs.
- **The Habitat Conservation Plan (HCP) is set to reduce timber revenues**, which historically helped fund local services in many counties.

With those revenue sources shrinking, local governments have **one option left**—raise TLT rates. And that's exactly what they've been doing, not because they want to, but because they don't have another choice.

But even then, **they still can't spend that money on the services tourism strains the most**—roads, public safety, sanitation, and infrastructure.



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This cycle isn't sustainable. **Raising TLT rates over and over risks making Oregon's coastal destinations less competitive with other states**, but without changes to how TLT revenue can be spent, **local governments are stuck**.

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### **HB 3556 is a Common-Sense Fix**

HB 3556 **doesn't eliminate tourism promotion**. It doesn't take away funding from the efforts that helped build Oregon's tourism economy. It just **modernizes** the funding structure to make sure communities have the tools to maintain the services that make tourism possible in the first place.

The bill allows a portion of TLT revenue to be used for **tourism-impacted services**, including:

- **Road maintenance and transportation improvements** in high-traffic visitor areas.
- **Garbage collection, wastewater management, and public restroom upkeep**—because no one wants a beautiful view ruined by overflowing trash.
- **Law enforcement and emergency services**, which are directly impacted by increased visitor traffic.

These aren't "extra" expenses—they're **critical to keeping Oregon a top-tier destination**.

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### **We Either Fix This Now or Face Bigger Problems Later**

For 20 years, the TLT has helped Oregon grow its tourism economy. But **ignoring the impact of tourism on local communities isn't sustainable**.

If we don't fix this, we'll see:

- **More TLT rate hikes**, as cities try to capture unrestricted revenue.
- **Infrastructure continuing to break down**, damaging the visitor experience.



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- **More financial pressure on local residents**, who are the ones left picking up the slack.

This isn't about taking sides between tourism businesses and local governments—it's about **making sure both can thrive**.

HB 3556 makes sure **we don't just attract visitors—we take care of the communities they visit**. That's a win for everyone.

I urge your support, and I'd be happy to answer any questions.

**Thank you.**